

Amend Revenue and Taxation Code Section 63.1 to expressly provide that the parent-child change in ownership exclusion applies to a transfer of a pro rata ownership interest in a resident-owned manufactured home park or a floating home marina owned by a legal entity. (Housekeeping)

Source: Property and Special Taxes Department

Existing Law. Generally, the parent-child change in ownership exclusion does not apply to transfers of interests in legal entities.¹ However, the law provides three exceptions for certain resident-owned legal entities. These are:

- Cooperative housing corporations (i.e., co-ops)²
- Tenant-owned mobilehome parks³
- Tenant-owned floating home marinas⁴

The parent-child exclusion statute lists the cooperative housing corporation exception within its provisions. The exceptions for the other two property types are addressed within statutory provisions specific to mobilehome parks and floating home marinas. These provisions allow the resident-tenants to organize and buy their park or marina from the former owner without triggering any reassessment related to the initial conversion to resident ownership. However, the law provides that subsequent sales to new residents in the park or marina result in a pro rata reassessment of park or marina real property unless another exclusion,⁵ like the parent-child exclusion, applies.

This Proposal. This proposal includes a pro rata ownership interest in a legal entity that owns a mobilehome park and a floating home marina among the types of real property subject to the parent-child exclusion. Listing all the legal entity exceptions within the parent-child exclusion statute eliminates uncertainty for taxpayers and tax administrators and makes related code sections consistent.

Section 63.1 of the Revenue and Taxation Code is amended to read:

(c) As used in this section:

* * *

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity. For purposes of this section, real property includes any of the following:

(A) An interest in a unit or lot within a cooperative housing corporation, as defined in subdivision (i) of Section 61.

(B) A pro rata ownership interest in a mobilehome park, as provided in subdivision (b) of Section 62.1.

(C) A pro rata ownership interest in a floating home marina, as provided in

¹ Parents and children must transfer real property, not an interest in a legal entity.

² Revenue and Taxation Code (RTC) [Section 63.1\(c\)\(8\)](#).

³ RTC [Section 62.1\(b\)\(1\)](#).

⁴ RTC [Section 62.5\(b\)\(1\)](#).

⁵ These exclusions include RTC [Section 62](#) (Definitional Exclusions), [Section 63](#) (Interspousal Transfers), and [Section 63.1](#) (Parent-Child Transfers).

subdivision (b) of Section 62.5.